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LAB-04 SIL-01 OMB-01 DODE-00 PM-05 H-01 L-03
NSC-05 PA-01 SS-15 ICA-11 NEA-11 AF-10 OES-07
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P 281730Z JUN 78
FM AMEMBASSY BRUSSELS
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E.O. 11652: N/A
TAGS: EEC, ECON, EFIN
SUBJ: EC FOREIGN MINISTERS COUNCIL, JUNE 26-27, 1978:
PREPARATIONS FOR BREMEN EUROPEAN COUNCIL

REF: (A) BRUSSELS 12159 (B) 77 BRUSSELS 7074
(C) BRUSSELS 11898

1. SUMMARY: THE JUNE 26-27 EC FOREIGN MINISTERS COUNCIL HELD A LENGTHY REVIEW OF ELEMENTS OF A COMMON COMMUNITY ECONOMIC AND SOCIAL STRATEGY TO BE PRESENTED FOR CONSIDERATION BY THE JULY 6-7 BREMEN EUROPEAN COUNCIL. THE DANISH PRESIDENCY WILL NOW SUMMARIZE THE FOREIGN MINISTERS' CONCLUSIONS FOR SUBMISSION TO THE BREMEN SUMMIT, ALTHOUGH A FINAL REVIEW OF SOCIAL ISSUES HAS YET TO BE HELD BY THE JUNE 29 SOCIAL COUNCIL, AND FINAL CONTRIBUTIONS FROM
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THE EC MONETARY COMMITTEE AND THE EC'S COORDINATING GROUP ON A COMMUNITY "CONCERTED ACTION PROGRAM" MUST STILL AWAIT JUNE 30 MEETINGS BY THOSE TWO BODIES. IN A POLITICAL CO-OPERATION SESSION HELD ON THE MARGIN OF THE COUNCIL MEDTING, THE FOREIGN MINISTERS AGREED THAT THE MIDDLE EAST AND AFRICA SHOULD BE THE ONLY TWO ITEMS ON THE POLITICAL COOPERATION AGENDA FOR THE SUMMIT. SEPTEL

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REPORTS ON FOREIGN MINISTERS' DISCUSSIONS CONCERNING EC ENERGY GOALS FOR 1985, AND POSSIBLE SUMMIT CONSIDERATION OF THAT ISSUE. END SUMMARY.

2. AS THE BASIS FOR COUNCIL DISCUSSION OF A COMMON ECONOMIC AND SOCIAL STRATEGY, THE DANISH PRESIDENCY SUBMITTED TWO PAPERS: ONE SUMMARIZING THE RESULTS OF THE JUNE 19 FINANCE COUNCIL (REF A), AND THE OTHER OUTLINING THE BASIC ELEMENTS OF A POSSIBLE COMMON STRATEGY AND EC PROGRESS TO DATE UNDER EACH CATEGORY. POINTS EMPHASIZED IN THIS SECOND PAPER (WHICH HAS BEEN SHOWN TO MISSION OFFICER) INCLUDE:

(A) EMPLOYMENT:

THE COUNCIL HAS ADOPTED A COMMUNITY AID SCHEME TO PROMOTE YOUTH EMPLOYMENT. THE COMMISSION IS EXAMINING THE THEMES ESTABLISHED BY THE JULY 1977 EC TRIPARTITE CONFERENCE--REDISTRIBUTION OF LABOR, EMPLOYMENT IN THE SERVICES SECTOR, INTERNATIONAL DIVISION OF LABOR, AND THE INVESTMENT/EMPLOYMENT RATIO (SEE REF B)--AND WILL REPORT FURTHER TO THE TRIPARTITE CONFERENCE TO BE HELD THIS NOVEMBER.

(B) ENERGY:

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THE COUNCIL RECENTLY APPROVED A REGULATION ON FINANCIAL ASSISTANCE FOR DEMONSTRATION PROJECTS IN ENERGY SAVINGS AND A FRAMEWORK REGULATION ON FINANCIAL SUPPORT FOR ALTERNATIVE ENERGY PROJECTS. CREATION OF THE COMMUNITY LENDING INSTRUMENT (ORTOLI FACILITY) AND THE DECISION TO DOUBLE THE EUROPEAN INVESTMENT BANK'S (EIB) CAPITAL WILL INCREASE EC FUNDS AVAILABLE FOR ENERGY SECTOR INVESTMENT.

(C) INTERNAL MARKET:

THE COUNCIL HAS ADOPTED DIRECTIVES ON ELIMINATION OF TECHNICAL BARRIERS TO TRADE IN THE FIELDS OF MOTOR VEHICLES AND PESTICIDES. THE COMMISSION HAS PROPOSED FURTHER MEASURES IN ITS 1978 ECONOMIC AND MONETARY ACTION PROGRAM.

(D) STRUCTURAL POLICY:

THE COMMUNITY HAS ENGAGED IN TEXTILE AND STEEL NEGOTIATIONS WITH A NUMBER OF THIRD COUNTRIES. THE COMMISSION AND COUNCIL HAVE BEGUN WORK ON INDUSTRIAL STRUCTURAL

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POLICY, SPECIFICALLY INCLUDING STEEL, SHIPBUILDING, AND
STATE AIDS TO INDUSTRY.

(E) REGIONAL POLICY:

THE COUNCIL HAS REACHED AGREEMENT ON THE NEW REGIONAL FUND (SEE SEPTEL). THE ORTOLI FACILITY AND DOUBLED EIB CAPITAL WILL INCREASE THE VOLUME OF EC FUNDS AVAILABLE FOR INVESTMENT IN DEPRESSED REGIONS.

(F) MEDITERRANEAN AGRICULTURE:

THE COUNCIL HAS AGREED TO PRONOUNCE BEFORE SEPTEMBER 30 ON THE COMMISSION PROPOSALS CONCERNING FORESTATION OF DRY
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MEDITERRANEAN REGIONS AND ESTABLISHMENT OF AGRICULTURAL ADVISORY SERVICES IN ITALY. THE COUNCIL HAS ASKED THE COMMISSION TO PRESENT, BEFORE AUGUST 1, PROPOSALS ON MARKET ARRANGEMENTS AND STRUCTURAL POLICY IN THE WINE

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(G) RELATIONS WITH THE DEVELOPING WORLD:

THE COUNCIL HAS AGREED THE COMMUNITY SHOULD ACCEPT AN 0.7 PERCENT OF GNP TARGET FOR DEVELOPMENT AID. THE COMMUNITY WILL SEEK A POSITIVE OUTCOME IN THE UNCTAD NEGOTIATIONS ON A COMMON FUND FOR COMMODITIES.

3. IN ADDITION TO THE ABOVE CATEGORIES, THE DANISH PAPER INCLUDES A SECTION (NOT SHOWN TO MISSION OFFICER) ON INTERNATIONAL TRADE. THE PAPER ALSO EMPHASIZES THAT THE DANISH PRESIDENCY HAS FOUND IT NEITHER NECESSARY NOR POSSIBLE, IN ADVANCE OF THE BREMEN SUMMIT, TO INDICATE CONCLUSIONS WHICH MIGHT BE DRAWN FROM THE STATE OF PROGRESS ON COMMON STRATEGY IMPLEMENTATION.

4. ACCORDING TO PERMREP OFFICIALS, MEMBER STATES STOOD BY PAST POSITIONS IN THE COUNCIL'S EXCHANGE OF VIEWS ON THE COMMON STRATEGY. THE UK PREDICTABLY MAINTAINED ITS LIMITED OFFICIAL USE

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EMPHASIS ON THE NEED FOR ADEQUATE ECONOMIC GROWTH, ADDING THAT BOTH THE BREMEN AND BONN SUMMITS SHOULD RESULT IN CONCRETE MEASURES (UK MINISTER OF STATE JUDD LATER TOLD REPORTERS THE SUMMITS "MUST NOT BE SEEN TO FAIL"). GERMAN MINISTER OF STATE VON DOHNANYI TOLD THE COUNCIL THE FRG AGREES ON THE NEED FOR GROWTH, PARTICULARLY AS A PREREQUISITE TO STRUCTURAL REFORM, BUT HE APPEALED FOR AVOIDANCE OF UNREALISTIC FIGURES. THE ITALIANS EMPHASIZED THEIR CONCERN OVER REGIONAL POLICY IN GENERAL AND MEDITERRANEAN AGRICULTURAL IMBALANCES IN PARTICULAR. THEY ALSO CALLED FOR A GRADUAL, CREDIBLE APPROACH ON MONETARY POLICY. FRANCE AND BELGIUM FELT THE DANISH PAPER PROVIDED A GOOD BASIS FOR DISCUSSION OF A COMMON STRATEGY. THE DUTCH EXPRESSED A WILLINGNESS TO STIMULATE THEIR ECONOMY AS MUCH AS POSSIBLE, EVEN AT THE PRICE OF A BUDGET DEFICIT; THEY ALSO SAID THEY FAVOR THE THIRD OPTION ON MONETARY COOPERATION PRESENTED TO THE FINANCE COUNCIL (AN EUA OR EFFECTIVE RATE-AIMED SYSTEM WITHOUT INTERVENTION OBLIGATIONS - SEE REF C). LUXEMBOURG, ON THE OTHER HAND, EXPRESSED SATISFACTION THAT THE FINANCE COUNCIL HAD "REJECTED" THIS THIRD OPTION. IRELAND EXPRESSED STRONG SUPPORT FOR ACHIEVEMENT OF 4.5 PERCENT OVERALL COMMUNITY GROWTH.

5. THE DANISH PRESIDENCY, WORKING IN COOPERATION WITH THE INCOMING GERMAN PRESIDENCY, WILL SUMMARIZE, FOR PRESENTATION TO THE BREMEN SUMMIT, THE MAJOR CONCLUSIONS OF THE FOREIGN MINISTERS' DISCUSSIONS, ALONG WITH THE OUTCOME OF THE SOCIAL COUNCIL AND THE MEETINGS THIS WEEK OF THE

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MONETARY COMMITTEE AND THE CONCERTED ACTION COORDINATING
COMMITTEE. DEPENDING ON THE OUTCOME OF COREPER DIS-
CUSSIONS, THE SECTION ON ENERGY MAY ALSO BE AMENDED TO
INCLUDE A REFERENCE TO 1985 ENERGY GOALS.
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6. POLITICAL COOPERATION: THE FOREIGN MINISTERS AGREED
THAT THE POLITICAL COOPERATION AGENDA FOR BREMEN SHOULD
BE LIMITED TO THE MIDDLE EAST AND AFRICA. THE MINISTERS
DID NOT ENGAGE IN SUBSTANTIVE DISCUSSION ON EITHER POINT.
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